

Sussex Place Ventures Limited

Report and Financial Statements

Year ended 31 December 2018

Company Number 3610855

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Sussex Place Ventures Limited

Report of the directors for the year ended 31 December 2018

The directors present their report together with the audited financial statements for the year ended 31 December 2018.

Results and dividends

The statement of comprehensive income and retained earnings is set out on page 5 and shows the result for the year. The directors do not recommend the payment of a dividend (2017 - £nil).

Principal activities

Sussex Place Ventures Ltd ('SPV' or 'the company') provides investment management services to venture capital funds and is authorised and regulated by the Financial Conduct Authority.

The funds are constituted as limited partnerships with investors having the status of limited partners. The general partners of these limited partnerships are limited companies and subsidiaries of SPV. Under the partnership agreements of the funds, the general partners have appointed SPV as investment manager with control over investment decisions.

Review of the business

SPV's business is the management of the following venture capital funds: Combined London Colleges University Challenge LP ('CLCUC'), Regents Park Partners LP ('RPP'), Regents Park Partners II ECF LP ('RPP2') and Regents Park Special Purpose 1 LP ('RPSP').

The CLCUC fund was created in 1999 for the purpose of facilitating the commercial exploitation of academic research discoveries in the non-life science departments of the limited partner university colleges. A total of £4m was raised in the CLCUC fund, £3m of which was provided by The Office of Science and Technology as an award to the limited partner university colleges. The fund currently has two investments.

The RPP fund was created in 2007 and fundraising completed in 2008. Since then, SPV has leveraged the experience, knowledge and industry connections of London Business School's alumni for the benefit of the investors in this fund. Once the fund has returned to limited partners a sum equal to their commitments, further distributions (fund profit) will be shared with the London Business School Anniversary Trust. SPV raised £5.7 million in the RPP fund from more than 40 investors. The fund currently has four investments in a variety of earlier stage businesses, appropriately-sized development capital deals and pre-IPO investments in more mature businesses alongside co-investors.

The RPP2 fund was created in 2014. SPV raised £30 million from more than 80 investors and the UK government. The fund currently has sixteen investments in a variety of earlier stage businesses, appropriately-sized development capital deals and pre-IPO investments in more mature businesses alongside co-investors.

The RPSP fund was created in 2018 when a number of LPs in other funds acquired a number of shares disposed of by CLCUC.

The business has performed in line with expectations during the financial period under review and the directors are satisfied with the results achieved.

Principal risks

SPV's main financial risk is considered to be liquidity risk. SPV's policy in respect of liquidity risk is to maintain readily accessible bank deposit accounts to ensure that it has sufficient funds for operations. Cash deposits are held in current accounts.

At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Working capital requirements are met principally out of retained profits. In addition, trade debtors and trade creditors arise directly from SPV's operations. SPV does not enter into any hedging arrangements.

Sussex Place Ventures Limited

Report of the directors for the Year ended 31 December 2018 (*continued*)

Directors

The directors of SPV during the period and to the date of this report were:

P Atherton
A Bates
R Gourlay
D Murray
C Gailly de Taurines (resigned 18 October 2018)
D Thorp
J Brimacombe
M Murphy
S Randeree
B Terry

Directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the company's financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

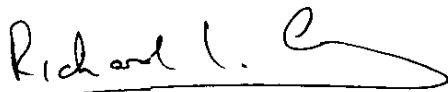
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditor for the purposes of their audit and to establish that the auditor is aware of that information. The directors are not aware of any relevant audit information of which the auditor is unaware.

In preparing this directors' report, advantage has been taken of the small companies' exemption.

On behalf of the Board



R Gourlay
Director

Date

24/5/19

Sussex Place Ventures Limited

Report of the independent auditor

TO THE MEMBERS OF SUSSEX PLACE VENTURES LIMITED

Opinion

We have audited the financial statements of Sussex Place Ventures Limited ("the Company") for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income and Retained Earnings, Statement of Financial Position and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

Sussex Place Ventures Limited

Report of the independent auditor (continued)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion;

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

Vanessa-Jayne Bradley (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

London

Date *24 May 2019*

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Sussex Place Ventures Limited

Statement of Comprehensive Income and Retained Earnings for the year ended 31 December 2018

	Note	2018 £'000	2017 £'000
Turnover		679	777
Administrative expenses		(627)	(794)
Operating profit/(loss)	2	52	(17)
Profit/(loss) on ordinary activities before and after taxation and total comprehensive income for the financial period		52	(17)
Retained earnings at the beginning of the year		74	91
Profit/(loss) for the year		52	(17)
Retained earnings at the end of the year		126	74

The notes on pages 7 to 9 form part of these financial statements.

Sussex Place Ventures Limited

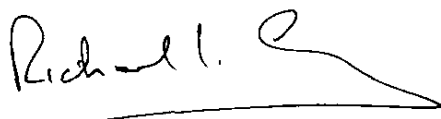
Statement of Financial Position at 31 December 2018

Company number: 3610855	Note	2018 £'000	2018 £'000	2017 £'000	2017 £'000
Current assets					
Debtors	4	33		24	
Cash at bank		168		94	
		201		118	
Creditors: amounts falling due within one year	5	(43)		(39)	
Net current assets			158		79
Creditors: amounts falling due after one year	6		(27)		-
Total assets less current liabilities			131		79
Capital and reserves					
Called up share capital	7		5		5
Profit and loss account			126		74
Shareholders' funds			131		79

The notes on pages 7 to 9 form part of these financial statements.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Board and authorised for issue on 24 May 2019.



R Gourlay
Director

Sussex Place Ventures Limited

Notes forming part of the financial statements for the year ended 31 December 2018

1 Accounting policies

Sussex Place Ventures Limited is a private limited company registered in England and Wales with company number 3610855 and with registered office 12 Melcombe Place, Marylebone Station, London, NW1 6JJ. Its principal activity is set out in the Directors' report.

The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland, including the section 1A small entities amendments.

The financial statements are presented in Sterling (£) and are rounded to the nearest thousand, unless otherwise stated.

Going concern

After reviewing SPV's forecasts and projections, the directors have a reasonable expectation that SPV has adequate resources to continue in operational existence for the foreseeable future and therefore continues to adopt the going concern basis in preparing its financial statements. SPV has exposure to one main area of risk being liquidity risk. The objective of SPV in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. SPV expects to meet its financial obligations through positive bank balances and operating cash flows.

Turnover

Turnover comprises the value of services provided during the period in the normal course of business. Management fees are recognised in the statement of comprehensive income and retained earnings in the period to which its guaranteed receipt relates. Directors' fees are recognised upon provision of directors' services and time. Arrangement fees are recognised when the relevant transaction is completed, in accordance with the underlying agreement. All turnover arises from the conduct of investment management services and related corporate finance services solely within the United Kingdom.

Valuation of investments

Investments held as fixed assets are stated at cost less any provision for impairment.

Operating leases

Operating lease annual rentals are charged to the statement of comprehensive income and retained earnings on a straight-line basis over the term of the lease.

Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the SPV becomes party to the contractual provisions of the instrument.

Other debtors and creditors are classified as basic financial instruments and measured at initial recognition at transaction price and, subsequently at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the Fund will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank and short term deposits with an original maturity of three months or less.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities issued by SPV are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability. All creditor amounts falling due within one year represent basic financial liabilities.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Sussex Place Ventures Limited

Notes forming part of the financial statements for the year ended 31 December 2018 (continued)

1 Accounting policies (continued)

Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Deferred taxation

Deferred tax balances are recognised in respect of all material timing differences that have originated but not reversed by the statement of financial position date, except that the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences. Deferred tax balances are not discounted.

2 Operating profit/(loss) has been arrived at after charging:

	2018 £'000	2017 £'000
Auditor's remuneration for audit services	10	9
Auditor's remuneration for other services	5	5
Hire of other assets - operating leases	44	45
Director's remuneration	402	391

Amounts paid in respect of the highest paid director were £161k (2017 - £156k).

3 Employees

The average number of employees in the year was 5 (2017 - 5).

4 Debtors

	2018 £'000	2017 £'000
Prepayments and accrued income	19	12
Other debtors	13	9
Amounts due from group undertakings	1	3
	33	24

All amounts fall due within one year.

5 Creditors: amounts falling due within one year

	2018 £'000	2017 £'000
Taxation and social security	22	19
Accruals and deferred income	19	18
Amounts due to group undertakings	2	2
	43	39

6 Creditors: amounts falling due after one year

	2018 £'000	2017 £'000
Deferred income	27	-

7 Share capital

At 1 January 2018 and 31 December 2018, SPV had £5,000 of share capital represented by 5,000 allotted, called up and fully paid up ordinary shares of £1 each.

Sussex Place Ventures Limited

Notes forming part of the financial statements for the year ended 31 December 2018 (continued)

8 Fixed asset investments in subsidiary undertakings

The following were subsidiary undertakings at the end of the period. In each case the company held 100% of the voting rights and ordinary capital at 31 December 2018 and each subsidiary had the same registered office as the company. At 1 January 2018 and 31 December 2018 the cost and net book value of these assets was £9.

Name	Nature of business
Sussex Place (General Partner) Limited	General partner of venture capital fund
Sussex Place II (General Partner) Limited	General partner of venture capital fund
Combined London Colleges (General Partner) Limited	General partner of venture capital fund
Sussex Place (Founder Partner) Limited	Founder partner of venture capital fund
Sussex Place Founder Partner II Limited	Founder partner of venture capital fund
Sussex Place General Partner II Limited	General partner of venture capital fund

9 Revenues from the partnerships and contingent liabilities

SPV's subsidiaries are general and founder partners in limited partnerships operating as venture capital investment funds. They are entitled to a guaranteed income from the partnerships, but do not otherwise participate in partnership assets. If, upon the winding up of a partnership, the liabilities of the partnership exceed the limited partners' outstanding capital and loans, the subsidiaries are liable for the shortfall of assets. The directors are of the opinion that no liability is likely to arise in this respect.

At 31 December 2018 there were no contingent liabilities (2017 - £nil).

10 Related party transactions

The company has taken advantage of the exemption under FRS102 not to disclose transactions with members of the group headed by London Business School on the grounds that 100% of SPV's voting rights are controlled within that group and SPV is included in its consolidated financial statements.

SPV's subsidiaries are the general partners of venture capital funds Combined London Colleges University Challenge LP, Regents Park Partners LP, Regents Park Partners II ECF LP and Regents Park Special Purpose 1 LP. Income included in the profit and loss account for the period relating to management of these funds, which is payable to the company's subsidiaries and then paid up to the company under the terms of a management agreement, was as follows:

	2018 £'000	2017 £'000
Combined London Colleges University Challenge LP	127	30
Regents Park Partners LP	33	37
Regents Park Partners II ECF LP	600	600
Regents Park Special Purpose 1 LP	9	-

11 Controlling party information

At 31 December 2018 the Company's immediate parent company was London Business School Anniversary Trust. Consolidated financial statements are not prepared by London Business School Anniversary Trust. The Company's ultimate controlling entity was London Business School, whose consolidated financial statements may be obtained from the Finance Director, London Business School, Regent's Park, London NW1 4SA.

Combined London Colleges University Challenge LP

Partnership Report and Financial Statements

Year ended 31 December 2018

Registered number LP006350

THESE ACCOUNTS
FORM PART OF THE
GROUP ACCOUNTS
OF COMPANY
No. 3610855



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NO. 1078000
01/05/2019
COMPANIES HOUSE

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Combined London Colleges University Challenge LP

Report of the Manager of the Partnership for the year ended 31 December 2018

Sussex Place Ventures Limited presents the report of the Manager of the Partnership ("the Manager") and the accounts for the year ended 31 December 2018.

Results

The results for the year are set out on page 2. The Partnership (or "Fund") generated a surplus for the year of £590k (2017: deficit £63k).

Principal activities

Combined London Colleges University Challenge LP (the "Partnership") was created for the purpose of facilitating the commercial exploitation of academic research discoveries in the non-life science departments of the limited partner university colleges. £3,000,000 of the £4,000,000 committed capital has been provided by The Office of Science and Technology as an award to the colleges.

Management

Under an agreement dated 12 July 1999, Sussex Place Ventures Limited was appointed as Manager of the Partnership. The General Partner pays the Manager a fee out of its participation in the Partnership.

Under the terms of the Partnership Agreement, the General Partner is responsible for undertaking or procuring the investment management and general administration of the Partnership. The Manager manages the Partnership in the General Partner's place and makes available the services of its management and support teams to carry out these functions. The Manager is responsible for setting operational procedures and for selecting, monitoring and realising investments. The Partnership approved the appointment of the Manager which acts as an advisory panel monitoring the performance of the Partnership.

Directors

The directors of Combined London Colleges (General Partner) Limited during the year were A Bates, R Gourlay, P Radcliffe, S Schooling.

Statement of the General Partner's and Manager's responsibilities

The General Partner is responsible for preparing the Partnership report and the financial statements in accordance with applicable law and regulation.

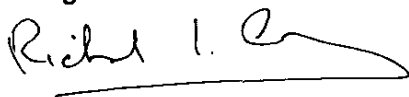
The Partnership (Accounts) Regulations 2008 require the General Partner to prepare financial statements for each financial year. Under these regulations the General Partner has elected to prepare the Partnership financial statements in accordance with Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102') and applicable law. Under these regulations the General Partner must not approve the financial statements unless it is satisfied that they give a true and fair view of the state of affairs of the Partnership and of the income and expenditure of the Partnership for that year.

In preparing these financial statements, the General Partner is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Partnership will continue in business.

The General Partner is responsible for keeping adequate accounting records that are sufficient to show and explain the Partnership's transactions and disclose with reasonable accuracy at any time the financial position of the Partnership and enable the General Partner to ensure that the financial statements comply with the Partnerships (Accounts) Regulations 2008. The General Partner is also responsible for safeguarding the assets of the Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The General Partner has delegated the above responsibilities to the Manager.

On behalf of the Manager



R Gourlay
Date

Combined London Colleges University Challenge LP

Statement of Comprehensive Income for the Year ended 31 December 2018

	Note	2018 £'000	2017 £'000
Income			
Directors' fees	2	6	6
Expenditure			
Administrative expenses		(2)	(4)
Ordinary profit		4	2
Realised capital gains	3	97	-
Movement in provision for appreciation in investments	3	516	65
Provision against loan to General Partner		(27)	(130)
Net income/(expenditure)		590	(63)
Applied as follows:			
Allocation to general partner loan provision accounts		(27)	(130)
Allocation to limited partner realised capital accounts		97	-
Allocation to limited partner unrealised capital accounts		516	65
Allocation to general partner share		4	2
		590	(63)

The notes on pages 5 to 7 form part of these financial statements.

Combined London Colleges University Challenge LP

Statement of Financial Position at 31 December 2018

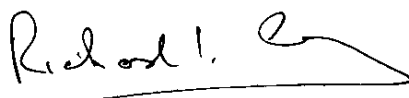
Registered number: LP006350		2018	2017	2017	2017
	Note	£'000	£'000	£'000	£'000
Investments	3		1,310		863
Current assets					
Cash at bank and in hand		<u>49</u>		<u>7</u>	
		49		7	
Creditors: amounts falling due within one year	4	<u>-</u>		<u>(101)</u>	
Net current assets		<u>49</u>		<u>(94)</u>	
Net assets			<u>1,359</u>		<u>769</u>
Partners' capital and loan					
Capital & loans from limited partners	5		4,000		4,000
Current accounts			<u>(2,641)</u>		<u>(3,231)</u>
Total partners' accounts			<u>1,359</u>		<u>769</u>

These financial statements have been prepared in accordance with the provisions applicable to limited partnerships entitled to the small entities exemption.

The notes on pages 5 to 7 form part of these financial statements.

Approved on behalf of the Manager and authorised for issue on

R Gourlay
Director
On behalf of Sussex Place Ventures Limited



Combined London Colleges University Challenge LP

Partners' statement for the year ended 31 December 2018

	1 Jan 2018 £'000	Movement £'000	31 Dec 2018 £'000
Limited Partners			
Capital & loan contribution	4,000	-	4,000
Current accounts			
Net income & provisions for general partner loan	(1,362)	(23)	(1,385)
Net realised gains/(losses)	(1,424)	97	(1,327)
Net unrealised gains/(losses)	(445)	516	71
Total Limited Partners' accounts	769	590	1,359
General Partner			
Loan	(1,586)	(27)	(1,613)
Provision against loan balance	1,586	27	1,613
Share of ordinary surplus	531	4	535
Share distributed	(531)	(4)	(535)
Total Partners' accounts	769	590	1,359

The notes on pages 5 to 7 form part of these financial statements.

Combined London Colleges University Challenge LP

Notes forming part of the financial statements for the year ended 31 December 2017

1 Partnership information and partnership agreement

The Partnership was formed on 12 July 1999 as a limited partnership under the Limited Partnership Act 1907 with registered number LP006350 and with registered office 12 Melcombe Place, Marylebone Station, London, NW1 6JJ. Its principal activity is set out in the Report of the Manager.

Under the terms of the Partnership agreement:

- (i) The first charge on the net income of the Partnership in any accounting period shall be the General Partner's Share.
- (ii) In the event that the net income of the Partnership in any accounting period is less than the General Partner's Share, there shall be allocated to the General Partner as a first charge on all or against any surplus of capital gains over capital losses in such an accounting period, an amount not exceeding the amount of the General Partner's Share which remains unsatisfied out of the net income.
- (iii) In the event that the net income and capital gains of the Partnership in any accounting period are less than the General Partner's Share, any deficiency to the extent not already drawn down by the General Partner shall be paid to the General Partner as an interest free loan but such payment shall not extinguish the amount of the General Partner's Share outstanding which shall be carried forward to subsequent periods: in the event that any part of the General Partner's Share then unpaid can subsequently be satisfied by an allocation of net income or capital gains to the General Partner, such allocation shall be applied in the discharge of an equivalent amount of such loan; in no circumstances shall such loan be recoverable from the General Partner other than by an allocation of the net income or capital gains in accordance with this paragraph.
- (iv) Subject to the above, net income, net income losses, capital gains, capital losses and unrealised capital gains and losses shall be carried forward until the value of the assets of the Partnership exceed £12,000,000.
- (v) Subject to the above, net income, net income losses, capital gains and capital losses shall be allocated 90% to Limited Partners and 10% to the Founder Partner.

2 Accounting policies

The financial statements have been prepared in accordance with FRS 102 the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland including the section 1A small entities amendments.

The financial statements are presented in Sterling (£000).

Going concern

After reviewing The Partnership's forecasts and projections, the Manager has a reasonable expectation that the Partnership has adequate resources to continue in operational existence for the foreseeable future and therefore continues to adopt the going concern basis in preparing its financial statements.

Income

Interest on loans to portfolio companies (if any) is normally received with the repayment of the principal and is recognised at that time. Bank interest and dividends are recognised when receivable. Fee income from the provision of the services and time of the directors of the Manager is recognised as provided.

General Partner's Share

The General Partner's Share is an annual liability of the Partnership and is therefore treated as an expense and charged accordingly to the income statement on an accruals basis.

Combined London Colleges University Challenge LP

Notes forming part of the financial statements for the year ended 31 December 2017 (continued)

Valuation of investments

Investments are stated at amounts considered by the Manager to be a fair assessment of their value, following the general principles set out below:

- Unquoted investments are valued in accordance with the IPEVC Valuation Guidelines.
- Investments are normally valued at cost for at least one year after acquisition. Provisions against cost, however, are made as soon as appropriate in the light of adverse circumstances - for example, where an investment performs significantly below expectations.
- Upward adjustments to cost may be made after one year where there has been a clear indication of a change in the investment's status.
- Wherever practical, investments are valued by reference to an open market transaction or to a similar quoted company price. In arriving at the valuation by reference to a similar quoted company price, a discount may be applied to the quoted price to reflect the size of the investee company, the liquidity of its shares and any restrictions on sale. Discounts applied may be offset by an appropriate premium where the investment is part of a controlling interest.
- In exceptional circumstances, where there is a high degree of certainty attaching to future revenues (for example, where revenues are contracted), earnings are calculated as above, analysed into future cash flows and discounted at an appropriate rate.
- The net assets basis is used where there is no open market valuation available and an earnings basis is inappropriate, as in the case of certain asset based investments.

3 Investments

	Cost £'000	Unrealised gain £'000	Valuation £'000
Senceive Limited	135	-	135
Endomagnetics Limited	406	769	1,175
Investments at 31 December 2018	541	769	1,310
Investments at 31 December 2017	610	253	863

Investments are in ordinary shares unless indicated otherwise. Cost represents the acquisition cost of each investment.

Because of the inherent uncertainties of valuing thinly traded securities, the amounts likely to be realised on disposal of these investments may differ significantly from the values stated above. In light of the fact that these are very early stage investments, the Manager does not feel that it is appropriate to disclose details of the results and the financial position of the portfolio companies. The valuations included in the year end accounts are prepared by the Manager's valuation committee. These are reviewed and agreed by at least two non-executive directors of the Manager.

Activity of portfolio companies

- Senceive Limited: Developer of mesh-networked, intelligent sensor systems for remote wireless monitoring of physical assets in the environment.
- Endomagnetics Limited: Developer of medical imaging technology for detection of sentinel lymph nodes.

Reconciliation of movements in investments

	Valuation £'000
Balance at 1 January 2018	863
Additions at cost	-
Appreciation on revaluation in the year	516
Disposals in the year *	(69)
Balance at 31 December 2018	1,310

* 15% of the Partnership's holding in Endomagnetics Ltd was disposed of in the year for £150k realising a gain of £81k. In addition, the Partnership received additional proceeds from the disposal of Phosphonics Ltd in 2016 of £16k.

Combined London Colleges University Challenge LP

Notes forming part of the financial statements
for the year ended 31 December 2017 (continued)

4 Creditors: amounts falling due within one year

	2018 £'000	2017 £'000
Accruals	=	<u>101</u>

5 Commitments to invest

There were no commitments to invest or contingent liabilities at 31 December 2017 (2015: £nil).

6 Limited partners' commitments

The limited partners have contributed £400 (2017 - £400) by way of capital and £4m (2017 - £4m) by way of loans net of distributions. Loans are repaid out of distributions. There are no commitments remaining to be paid to the Partnership (2017 - none).

7 Employees

The average number of employees in the year was nil (2017: nil).

8 Related party transactions

During the year S Schooling, a director of the General Partner, was also a director of Senceive Limited, and Endomagnetics Limited, companies in which the Partnership holds investments.

9 Controlling and ultimate controlling party

At 31 December 2018, the controlling party is considered to be Combined London Colleges (General Partner) Limited and the ultimate controlling party Sussex Place Ventures Limited, both are related parties, however, the beneficial interest of the Partnership is retained by the Limited Partners.